

# PARTNERING FOR SUCCESS: A Blueprint for Promoting Government-Industry Communication & Teamwork

By Kenneth Bousquet and Mark Sagan

**Procuring Contracting Officer (PCO):** The reason we've called this meeting is to discuss the program delays. We were told six months ago in a program review that everything was on schedule. Last week we heard from the Quality folks that the program is six months behind schedule. What's going on?

**Contractor:** WHAT?! We NEVER said, "everything was on schedule." Who said that? What day was that review?

**Program Manager (PM):** It doesn't matter anymore. Why are you six months behind?

**Contractor:** Well, based upon previous discussions with the engineers, we thought updated requirements would be provided soon that would significantly improve the system with only a minimal cost impact. Although no one ever told us to stop performing, it sure seemed like the smart thing to do.

**Chief Government Engineer:** WHAT?! We NEVER said we were updating the requirements. Who said that? You guys know we can't afford to lose any time and we sure don't have any extra money...Do we?

**PM:** No, we don't have any extra money. Now, how can we get back on schedule?

**Contractor:** Well, we learned a few weeks ago that a couple of your specifications are conflicting. We put in a lot of time and money on the affected subsystem so we'll have to redesign it and run another test.

**Chief Government Quality Representative:** WHAT?! When did that happen? Which specs? Which subsystem?

**PM (to Contractor):** Look, you guys are responsible for this mess. The contract clearly says you must build a system that meets the requirement and deliver it by a certain date. If you can't do that, we'll find another firm to do the job.

**Contractor:** Your contract is poorly written. Our lawyers tell us the ambiguities and lack of clarity, in addition to the poor direction from government representatives, places the responsibility with you.

**PCO:** Not so fast! Our lawyers say the contract is very clear and you simply failed to comply with the terms and conditions.

**PM:** Now what?

**Contractor:** We'll submit a proposal to clean up the requirements, together with a revised delivery schedule and the total cost impact of those changes - which I can assure you will be significant.

**PCO:** Your firm must comply or the contract will be terminated.

**Contractor:** If the contract is terminated the settlement will cost the government a great deal.

**PM:** (Audible Groan.)

Unfortunately, most of us have been confronted with this exact scenario when contract administration breaks down and the program suffers, sometimes with dire consequences. No single individual or organization is to blame, but it's apparent that communication has failed and a cooperative team approach to resolving issues is nonexistent. The obvious, or perhaps not-so-obvious, bottom-line to all of this is that we fail to meet the needs of the user (our ultimate customer) and the U.S. taxpayer.

Is there a better way to deal with post-award issues? Absolutely!

## AMC'S NEW PARTNERING GUIDE

In April 1997, the U.S. Army Materiel Command (AMC) published the "*Partnering for Success*" guide to assist and encourage Army Contractors, Program Managers, Contracting Officers, and all contract stakeholders to improve the manner in which contracts are performed and administered. The guide contains an overview of what Partnering is all about and why it's critical for Army programs to consider implementing a Partnered approach to post-award efforts. The guide promotes a clear four step process to make Partnering an invaluable asset to any program. The guide also includes numerous samples and 32 answers to commonly asked questions regarding Partnering to help the reader better understand the process and its potential benefits for their program.

## WHAT IS PARTNERING?

Partnering is a commitment between government and industry to improve communications and facilitate contract performance. It is accomplished through an informal process, with the primary goal of providing our customers with the highest quality supplies and services, on time, and at reasonable prices. It is primarily an attitude adjustment in which the parties mutually commit to form a relationship of teamwork, cooperation, and good faith performance.

Partnering is not a new concept. It has been used successfully since the early 1980's in construction contracting by both the private sector and the U.S. Army Corps of Engineers. The results of implementing Partnering have been extremely impressive. Cost overruns, performance delays/delinquencies, claims, and litigation have essentially been eliminated. In a contracting environment that was historically plagued with these types of problems, this is indeed a monumental accomplishment.

AMC is now utilizing the Partnering concept in research & development, materiel acquisition, base operations, and engineering/support services contracting. Partnering has become an integral part of the AMC Alternative Dispute Resolution (ADR) program which is focused upon the avoidance of contract disputes before they impact contract performance.

## **IS IT LEGAL?**

Understandably, there is a great deal of apprehension on the part of both contractor and government personnel when they first learn about the Partnering process. We in the contracting field have been taught to maintain an "arms length" relationship with our contracting counterparts and to avoid any appearance of being "too close" to one another. Unfortunately, in all too many instances this has led to adversarial relationships as each party strives to achieve its own individual, program, or corporate goals and objectives.

The AMC Model Partnering Process has been endorsed by the AMC legal community with great enthusiasm. In fact, Mr. Edward Korte, the AMC Command Counsel, was an active participant on the AMC Partnering Committee which published the Partnering guide.

The Partnering process is not inconsistent with any acquisition-related statute or regulation, nor does it replace any requirements contained in the contract. It is not a contractual agreement and does not create, relinquish or conflict with the parties' legally binding rights and obligations. Simply put, the contract spells out the legal relationship of the parties, while the Partnering Agreement establishes their business/working relationship.

## **PARTNERING BENEFITS**

Experience in the Corps of Engineers, and in AMC programs already utilizing the Model Partnering Process, has revealed numerous attributes of the Partnering process which facilitate contract performance. Some of these benefits are:

- Establishment of mutual goals and objectives. The parties recognize that their success is dependent upon their ability to work together as a team throughout contract performance. They agree to replace the traditional "us vs. them" mentality of the past with a "win-win" philosophy and partnership for the future.
- Concentrating on the mutual interests of the parties rather than individual positions or agendas. Partnering engenders a team-based approach to issue identification and problem resolution, which is focused on the accomplishment of the parties' mutual objectives.
- Building trust and encouraging open, honest and continuous communication throughout contract performance.
- Through enhanced communication, elimination of surprises that result in program delays and increased costs, as well as claims and litigation.
- Enabling the parties to proactively anticipate, avoid and expeditiously resolve problems through the development of Action Plans which identify the problem as well as its cause, the best alternative for avoiding/resolving it, the individual(s) within the government and contractor organizations responsible for resolving the issue, and a timetable for accomplishing that objective.
- Reduced time and cost of contract performance by adhering to a clear method of raising, discussing, and expeditiously resolving issues.

- Resolving disputes through the use of a clearly defined Conflict Escalation Procedure, a three-tiered process which includes the essential participants in the Partnership, all of whom are fully empowered with the requisite authority and responsibility to make binding decisions in their areas of expertise. Each of the participants know that they will have a fixed number of days within which to resolve any issue with which they are confronted. If they fail to do so, the issue will be automatically escalated through the second and third organizational levels. This procedure avoids inaction and precludes allowing problems to fester. Most importantly, however, experience has shown that almost all issues are successfully resolved at the lowest organizational level.
- Avoiding the expense, delay and mistrust caused by formal litigation through the implementation of an ADR procedure.
- Reduced paperwork and necessity for “documenting the file”. The reduction in paperwork is facilitated by the “real time” simultaneous review of contractual documentation such as Technical Data Package changes, Engineering Change Proposals, and Contract Data Requirements List submissions in lieu of the traditional, sequential review process often necessitating multiple drafts, revisions and supplements over the course of weeks or months.
- Reduced administration and oversight.
- Improved safety at the work site or manufacturing location with all parties taking joint responsibility for ensuring a safe working environment for all contract stakeholders.
- Improved/streamlined engineering activities.
- Improved employee morale and enhanced professionalism in the workforce through the empowerment of team members to formulate and cooperatively accomplish common goals and objectives. The result is that the participants develop a personal stake in the ultimate contractual outcome.
- A far more harmonious business relationship.

## THE AMC MODEL PARTNERING PROCESS

AMC reviewed the processes used by the Corps of Engineers and AMC field offices on Partnered contracts. The Partnering Committee conducted interviews with numerous government and contractor representatives experienced in Partnering. As a result of this review and analysis, together with considerable assistance/input from acquisition professionals at several AMC major subordinate commands, a Model Partnering Process was developed. This simple four step process can be easily implemented on a wide variety of contracts and can be tailored by government/contractor teams as necessary to achieve the objectives of their programs.

Notwithstanding the flexibility of the process, each of the four steps are very important and should not be overlooked. The four steps are:

1. Getting Started
2. Communicating with Industry
3. Conducting the Workshop & Developing the Charter
4. Making It Happen

### • STEP ONE: GETTING STARTED

#### Making the Decision to Partner

This first segment of Step One is critical. Although Partnering may be used on any contractual action, it is up to the contracting parties to decide where it can provide the greatest benefit. Any one of the many stakeholders in a contractual arrangement can suggest the use of Partnering by bringing this concept to the attention of the Procuring Contracting Officer (PCO) or the Program Manager (PM). Partnering is most beneficial on high dollar, complex contracts of at least two years' duration. Partnering is particularly beneficial in contracting arrangements where there is a history of adversarial relationships or poor performance or problems are anticipated on an ensuing contract. Partnering has proven to be extremely valuable in conjunction with acquisition streamlining and cycle time reduction efforts and within those organization that are receptive to new ways of doing business.

#### Making the Commitment to Partner

To succeed, Partnering requires the total commitment of not only each of the participants, but also senior management within both government and industry who must be visible and vocal advocates for this process. A fundamental component of the Partnering process is to empower participants with the requisite responsibility and authority to make binding decisions within their designated areas. Senior managers must lead the Partnering process by reinforcing the team approach to contract administration, breaking down barriers, actively participating in the resolution of issues escalated to their level, celebrating successes and maintaining a positive image for the project. In short, they must “Champion” the process.

#### Obtaining Resources

An initial investment in both time and money is imperative in order to make the Partnering process work. The senior managers’ commitment to Partnering will be severely tested when these two items are put on the table. Time is needed for each of the participants to learn about Partnering and attend scheduled workshops. Money is needed to cover the cost of the Partnering Workshop which includes hiring a facilitator, renting a facility and any necessary travel-related expenses. This up-front investment will yield significant benefits during contract performance. If your organization is unable or unwilling to make this commitment, Partnering isn’t for you.

### • STEP TWO: COMMUNICATING WITH INDUSTRY

#### Extending the Invitation to Partner

Normally, we would expect to see the government contracting office notifying industry that it wishes to utilize Partnering on a contract. It should not, however, surprise PCOs and PMs to find contractors asking their government counterparts to use Partnering in the near future. As this process is being used more frequently, a growing number of contractors have found it to be the best way to maximize effective contract performance. It is strongly recommended that the government’s interest in Partnering be expressed as early in the acquisition as possible and be reflected in draft solicitation documents issued on Electronic Bulletin Boards or the World Wide Web.

Solicitations should contain a clause informing offerors of the government’s desire to use Partnering on the resulting contract. The AMC Partnering guide should be made available to potential offerors to ensure they fully understand the process. If copies of the guide are not available, the clause should reference the following AMC internet address where a copy of the guide can be found: <http://www.dtic.mil/amc/>. A full explanation of Partnering should be made at the pre-solicitation conference for competitive programs and at the pre-proposal meeting in sole source acquisitions.

#### Mutual Agreement to Partner

Implementation of the Partnering process should be discussed with the successful offeror immediately after award. The Post-Award Conference can provide an excellent opportunity to conduct the Partnering Workshop.

### • STEP THREE: CONDUCTING THE WORKSHOP & DEVELOPING THE CHARTER

#### Selecting a Facilitator

In most cases, a facilitator-directed Partnering Workshop will accelerate the successful implementation of the Partnering effort. The facilitator is neither a contractor nor government employee, but a neutral individual acting as the workshop instructor and “honest broker” throughout the Partnering process. The facilitator leads the participants in building their team, designing their Charter, identifying potential problems, and developing the Conflict Escalation Procedure. The government and contractor should work together to secure the services of the facilitator. Assistance is available by contacting any of the members of AMC’s Partnering Team listed in the guide.

#### Preparing for the Workshop

Preparation for the workshop is critical. The facilitator's help at this stage of the process will ensure that the maximum benefit is derived by all parties during this session. These preparatory meetings will provide information regarding the Partnering process to the contractor and government participants and afford the facilitator an opportunity to learn the personalities and concerns of the individual team members. Additionally, the facilitator will be introduced to the contractual requirements and program objectives from both the contractor and government perspectives and be able to identify significant issues for discussion at the joint workshop.

Everyone who will play a critical role in achieving contract success must participate in the workshop. Anyone not attending the workshop will not fully understand the Partnering philosophy and this can hinder the implementation of the Partnering process on that program.

The workshop should be conducted at a neutral site away from the workplaces of all the stakeholders. This should ensure a continued focus on learning the Partnering process by avoiding interruptions and conflicting demands on the participants' time and assist in building the contractor/government team.

### Conducting the Workshop

Workshops will vary in length depending upon the unique needs of each contract and the experience of the participants with Partnering. Some may need a one or two day workshop while others may need four or five days. What happens at the workshop will create the momentum that drives the partners in the same direction toward the successful accomplishment of mutual goals and objectives throughout contract performance.

Examples of subjects/tasks performed at the workshop are: bringing the players together through one or more team-building exercises; developing the Partnering Charter; identifying the roles and responsibilities of each of the participants; identifying program issues/concerns together with an Action Plan for each; building the Conflict Escalation Procedure; agreeing upon an ADR procedure; listing the metrics for assessment of accomplishments; and, determining appropriate reinforcement techniques.

The Partnering Charter or Agreement is the focal point of the parties' relationship and a blueprint for their success. The parties set forth their mission statement, mutual goals and objectives, and commitment to the Partnering relationship.

A critical component of the workshop is the discussion of problem resolution and the development of a Conflict Escalation Procedure. In traditional contract administration, the parties rarely discuss how they will manage and resolve conflicts. Usually they just struggle through the issues. Sometimes they are successful. Unfortunately, all too often the result is strained relationships, program delays, cost overruns, and increased paperwork. This can lead to disputes, claims and litigation, a costly scenario for everyone. The use of a clearly identified Conflict Escalation Procedure will ensure the efficient resolution of issues by specifically identified individuals.

### • **STEP FOUR: MAKING IT HAPPEN**

Once the participants learn about the Partnering process and complete the workshop, it is up to them to change the way they've been doing business and implement the tools, techniques and processes that they all agreed upon. They must trust the product of the workshop and follow the Partnering procedures. The participants must continuously communicate with their counterparts, at their respective levels, to overcome any obstacles blocking the accomplishment of the identified goals and objectives.

It is very important for senior managers to receive periodic updates on the Partnering process and provide encouragement and support to the participants. They must assess the Partnering relationship to ensure that actions taken are consistent with the Charter objectives. If necessary, a follow-up workshop should be held to refocus the participants on the Partnering process and educate new stakeholders. It is senior management's responsibility to celebrate the team's successes and continuously reinforce the use of the Partnering tools.

## **CONCLUSION**

With downsizing straining all of our resources, it is imperative that we take full advantage of any process that eliminates non-value added activity. Adversarial relationships lead to an extraordinary waste of time, money and effort. Partnering has proven to be an outstanding tool for overcoming these problems and will maximize the likelihood of your program's success.

The AMC Partnering guide provides additional details to assist your organization or company.

As General Johnnie E. Wilson, Commanding General, Army Materiel Command, stated in endorsing Partnering, "Accomplishment of AMC's mission depends on our ability to work effectively with our partners in industry. Partnering helps us to do this successfully and deliver the very best products to our ultimate customers - the soldiers."

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